



Downtown Center Business Improvement District

BOARD OF DIRECTORS MEETING MINUTES January 11, 2012

Board of Directors

Robert Cushman, Sauli Danpour, Kathy Faulk, David Damus (via conference call), Joseph Flueckiger, Frank Frallicciardi (via conference call), Steve Hathaway, Peggy Moretti (via conference call), Anne Peaks (via conference call), Peklar Pilavjian, Paul Rutter (via conference call), Carol E. Schatz, Patrick Spillane, Daniel B. Swartz (via conference call), Cindy Troesh, Cari Wolk

Absent

Eric Bender, Barbara Bundy, Robert Hanasab, Colin Shepherd, Peter Zen

Special Guest

Marty Caverly, MMPI

Staff

Hal Bastian, Jeff Chodorow, Gennia Cui, Randall Ely, Jacob Holloway, Connie Hwang, Aleeza Miller, Ken Nakano, Justin Weiss, Anna Wilder

CALL TO ORDER

Spillane called the meeting to order at 8:06 a.m. with a quorum.

PROPERTY OWNER/PUBLIC COMMENT PERIOD ON AGENDA ITEMS

Spillane opened the meeting to the public for comments, in which there were none.

APPROVAL OF MINUTES

Peklar Pilavjian made a motion to accept the November 2, 2011 minutes, as presented. Joe Flueckiger seconded the motion. The motion was then approved by the Board.

ELECTION OF OFFICERS

Carol Schatz announced recommendations for the 2012 DCBID Board Executive Officers, as follows:

CHAIRPERSON – Kathy Faulk, Omni Los Angeles Hotel at California Plaza
PAST CHAIRPERSON – Patrick Spillane, IDS Real Estate Group
TREASURER – Sauli Danpour, Xyvest Holdings
SECRETARY – David Damus, System Property Development Company
EXECUTIVE VICE CHAIR – Anne Peaks, Yellin Company
EXECUTIVE VICE CHAIR – Peklar Pilavjian, Los Angeles United Investment Company
EXECUTIVE VICE CHAIR – Daniel B. Swartz, Quadrangle Development Company
PRESIDENT & CEO – Carol E. Schatz

Pilavjian made a motion to accept the recommended Executive Officers listed above for 2012. Steve Hathaway seconded the motion. The motion passed unanimously.

NOMINATION OF BOARD MEMBER

Carol Schatz introduced Marty Caverly, Chief Executive Officer of MMPI. As this election was not included on the meeting agenda, Patrick Spillane made a motion to recommend election of Caverly to the DCBID Board of Directors, to be confirmed at the next meeting on February 1, 2012. Flueckiger seconded the motion. The motion passed unanimously.

PRESIDENT'S REPORT

Carol Schatz thanked Patrick Spillane for his service as Chair of the DCBID Board, and presented him with a gift of a Miripolski print. She then announced that Danpour is the new Chair of the Finance Committee, and Cari Wolk has been nominated as Chair of the Operations Committee.

Schatz has reached out to the Board members who have not participated enough, and received the resignation of Sandy Nam. Furthermore, there may be someone to take the place of Colin Shepherd, Hines, as he has not been able to attend the meetings.

DCBID staff recommended holding monthly Board meetings at least through July 2012 because of the renewal. The Board members in attendance agreed to the new schedule.

CCA's Housing, Land Use & Development Committee is meeting on Wednesday, January 18, 2012, from 8:00am to 9:30am, and will discuss the future of CRA/LA with Chris Essel. Alan Bell will also attend the meeting to discuss proposed updates to the Adaptive Reuse Ordinance. Spillane reported that the Chief Legislative Analyst determined that there is too much liability for the City of Los Angeles to take on the successor role for the agency. If the City declines to accept that role, then Los Angeles County has the option of taking on that role. If the County declines, however, Governor Brown will appoint three people to create a successor agency.

The DCBID released its Request for Proposals for security services on December 23, 2011. Responses are due by January 20, 2012.

The Fall Tour was very successful, with approximately 300 people in attendance.

The DCBID is making headway on the 7th Street retail project. Brigade is doing well, and the owner is thinking of opening a men's store and a women's plus-size store. However, there have been significant issues with transients around Brigade, Neihule, and Bottega Louie.

The Economic Development department toured six hospitality groups with interest in Downtown.

The holiday campaign is the most successful to date. There were double the number of page views and additional email subscribers from the previous year. Planning for the Valentine's Day campaign has commenced.

Preparation of the Annual Report is underway, and will be presented to property owners on May 8, 2012, at the Los Angeles Athletic Club.

The DCBID was very successful during 2011. During the economic downturn, the BID had a pivotal role to ensure that the momentum of the Downtown Renaissance continued. Housing tours are full, consumers continue to express a strong interest in Downtown's restaurants, and businesses continue to move into Downtown. The DCBID hopes to continue the momentum going in to 2012.

DCBID RENEWAL

Randall Ely reported:

The City will be coming to a Board meeting to talk about best practices for Brown Act compliance. Swartz commented on the legality of Board participation via conference call. A decision was made to include the call-in information on the posted agenda to ensure all have access to participate via conference call.

The DCBID received the revised Management Plan from the City. Changes include:

- Removal of overlay language in the plan. The areas will now be called Zone 1 and Zone 2.
- Removal of the term "maintenance" from the plan, due to concerns about liability. The replacement term is "clean."
- The 10% allocation between line items in the budget is back in the plan, due to efforts by Schatz
- One of the language changes regarding the assessment rate methodology of buildings under construction was disallowed by the City. The DCBID will have to find another method to recover costs associated with serving these properties.
- The appeal process was approved by the City. The property owner must appeal by April 15 of that assessment year and can only go back one year.
- The language regarding rollover reserve funds was approved.

Tom Gilmore approached the DCBID and asked to include his properties, currently within the Historic Downtown BID, in the DCBID. There are case law issues regarding overlap properties, and the DCBID will not be able to include his properties at this time. There was a short discussion about the laws regarding properties in BIDs.

Spillane made a motion to adopt the revised Management Plan. Cushman seconded the motion. The motion passed unanimously.

FINANCE

Faulk reported:

The October 31, 2011 financial statements showed a continuation of savings against the reforecasted budget. The savings are from three areas: staffing shortfalls in maintenance services and extra help for security, reduced consultant fees (Ely and Forman), and receipt of a refund against a workers compensation check that was paid earlier in the year. The strategic objectives are being achieved. The savings comes out to approximately \$50,000.

Spillane made a motion to approve the October 31, 2011 financial statements. Pilavjian seconded the motion. The motion passed unanimously.

The November 30, 2011 financial statements are similar to those from October, except for the workers compensation refund check. The amount of savings is approximately \$25,000. There are a couple of timing variances, but they corrected themselves in December. The DCBID is on track to end the year with approximately \$254,000 in savings. As of January 1, 2012, the reserve is approximately \$1 million.

Hathaway made a motion to approve the November 30, 2011 financial statements. Spillane seconded the motion. The motion passed unanimously.

OPERATIONS

Nakano reported:

There continue to be safety issues on 7th Street between Olive and Grand. Nakano and LAPD officers met with property owners and will dedicate additional resources to the area. The LAPD will also attempt to get the bus stop in front of 7-11 moved because transients use it as an excuse to loiter. One of the T-3s has been assigned to that area.

YAS Fitness and the area near Ralphs have seen an increase in transients. The DCBID and LAPD will employ the same strategy, as it does seem to have a positive impact, and the activity seems to be moving east towards Olympic and Hill.

The additional LAPD holiday deployment was denied by Captain Frank, stating that the police commission denied any contracts with BIDs. As such, the DCBID brought in additional United Protection Service employees instead.

The RFP for security services was released on December 23, 2011. The dates for interviews of candidates are February 7 and February 9, 2012.

The Maintenance team is working on fixing hazards in the district, including doors falling off cable boxes and plates missing from light poles, leaving the wires exposed. There has been a problem getting a response from the City.

The DCBID planted 25 Japanese boxwoods on Hill Street in the above-ground planters. They have been out for one month, with no problems as of yet.

BID ACTION counted 109 people sleeping in the district overnight. The number has been the same over the last three months.

The DCBID will be represented at the Skid Row walk this evening. Unfortunately, the area is starting to look like it did before the Safer Cities Initiative was enacted.

The DCBID's three-year contract with Chrysalis is due to expire in March. The Operations Committee voted to extend the contract through the end of the calendar year and will revisit the issue then. There was a short discussion about the strong relationship between the DCBID and Chrysalis, as well as the LAHSA credits received by Chrysalis. Pilavjian made a motion to approve the Operations Committee's recommendation to extend the contract. Danpour seconded the motion. The motion passed unanimously.

MARKETING REPORT

Holloway reported:

Marketing will be following up with businesses who participated in the Holiday Campaign for statistics. Planning has commenced for the Valentine's Day campaign, "5 Things to Love About Downtown LA."

Updates are being made to www.downtownla.com. The compcierge vendor contract was not renewed because most of the work is done in-house. New benefits include immediate updates.

The Annual Report is being prepared in-house as well.

The LA Art Show is January 19-22.

dineLA is from January 22 to January 27 and January 29 to February 3.

Faulk recommended participation in the monthly Marketing Roundtable meetings.

ECONOMIC DEVELOPMENT REPORT

Bastian reported:

The 7th Street retail recruitment is ongoing. The focus for 7th Street is to bring in great independent retailers, although national retailers will not be turned away. Brigade is a good example of a successful addition to 7th Street.

There will be a meeting with the LAPD, property owners and retailers on 7th Street to address the quality of life issues in the area.

The United Artists building was sold and will be turned into a boutique hotel.

Previously, the only 24-hour businesses in Downtown were the Pantry, the Standard Hotel restaurant, and IHOP. Now Café LA on Spring Street, Rite Aid, and Pho City (at the Kwada) are open 24 hours a day.

Z Gallerie is expressing interest in the area.

More office tenants are coming into Downtown from other locations.

OLD BUSINESS

A question was raised regarding the status of the streetcar project. Schatz reported that Dennis Allen accepted a position in Portland, Oregon. Rutter reported that a new assessment formula was introduced, but nothing has been formalized and there is no budget source for operation of the streetcar. LA Streetcar Inc. has already started interviewing to replace Allen. The new assessment methodology is trending in the right direction for both MPG Office Trust and Thomas Properties Group.

NEW BUSINESS

Wolk reported:

Every parking lot in Los Angeles is regulated by the police commission. However, they have had trouble with approximately 25% of parking lot operators paying taxes or business licenses. A motion was introduced by Councilmembers Zine, Koretz and Englander that would require all lots in the City to install revenue control equipment (e.g. gates, barriers, etc.), which could cost \$40,000-\$200,000 per lot. This would be cost-prohibitive to all lots with fewer than 50 stalls. Unfortunately, the City seems content to allow businesses to fold and turn into urban blight.

CCA is opposed to this proposal, which will be heard again in 45 days. Schatz asked for meaningful input and will bring the issue to a committee meeting.

The City is considering going after both property owners and parking operators.

Wolk made a motion to oppose the current proposed ordinance regulating parking revenue. Spillane seconded the motion. The motion passed unanimously.

Hathaway reported:

Olive Tree Collection, a medical marijuana store, opened at 645 S. Olive Street, but the surrounding property owners did not receive notice of such a business moving in. The DCBID is currently working with the City Attorney's office to explore legal action.

Bastian reached out to the property owner to report complaints about this type of business opening.

Anh Nguyen spoke with the City Attorney's office to confirm that the business is not in compliance with the laws, and therefore the lease is void.

The DCBID received a letter from the property owner's attorney, threatening legal action. However, the City Attorney's office had already cited the business for noncompliance.

Spillane reported that Councilmember Huizar is making a big push to include all of Downtown in his district through redistricting. There was some discussion regarding the Council District boundaries for Downtown, as well as discussion regarding potential candidates for Council District 9 when Councilmember Perry terms out.

ADJOURNMENT

Pilavjian made a motion for the DCBID Board to have monthly meetings, at least through July. Danpour seconded the motion. The motion passed unanimously. The next meeting will be on Wednesday, February 1, 2012, at 8:00 a.m. The meeting was adjourned at 9:42 a.m.